



▶ Do you have questions regarding the 457(B) deferred compensation plan?
Contact Erin Guerke
at 302.672.6705 or
Erin.Guerke@state.de.us



▶ Teachers do you have questions regarding you 403(B) account?
Contact Gary Scheidecker
at 302.672.6706 or
Gary.Scheidecker@state.de.us



▶ Would you like us to come to your agency to discuss benefits of enrollment in our plans?
Contact Josh Hitchens at
302.672.6733 or
Joshua.Hitchens@state.de.us



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Delaware State Treasury
State Treasurer Chip Flowers

DEFERRED COMP *Communicator*

ADDRESSING THE NEEDS
OF STATE OF DELAWARE
DEFERRED COMPENSATION
PLAN PARTICIPANTS

What is The Saver's Credit?

*The Saver's Credit: A Bonus for Saving
in Tough Economic Times*



Many people are rethinking their spending habits and cutting back these days. However, your retirement savings deferrals may be the wrong place to cut back. Remember, the more of your pre-tax wages that you contribute to your retirement plan, the less your taxable income will be for the year. In addition to the pre-tax benefit, you may be eligible for an additional tax credit if you are saving for your retirement.

The Saver's Credit is a valuable tax credit made available by the IRS to low and moderate income taxpayers who contribute to an IRA, 401(k), or other government recognized retirement account including the State of Delaware 457(b) and 403(b) Plans.

The Saver's Credit provides Low-income and moderate-income taxpayers to get a tax credit for saving for retirement. The Saver's Credit is a tax credit of up to \$1,000 (\$2,000 if married filing jointly) if you contribute to a traditional or Roth IRA, 401(k), 403(b), governmental 457, SARSEP or SIMPLE IRA plan.

The credit is equal to 50%, 20% or 10% of your contribution depending on your adjusted gross income reported on Form 1040 or 1040A (federal income tax return). The maximum annual contribution for determining the credit is limited to \$2,000 per person. The Saver's Credit is a non-refundable credit. That means the credit can reduce the tax you owe to zero, but it doesn't provide you with a tax refund.

The IRS has increased the income limits to claim The Savers Credit for 2012. The credit you may claim against your 2012 taxes is shown in the following table:

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of Contribution	not more than \$34,500	not more than \$25,875	not more than \$17,250
20% of Contribution	\$34,501 - \$37,500	\$25,876 - \$28,125	\$17,251 - \$18,750
10% of Contribution	\$37,501 - \$57,500	\$28,126 - \$43,125	\$18,751 - \$28,750
0% of Contribution	more than \$57,500	more than \$43,125	more than \$28,750

Claim the Saver's Credit by filing [Form 8880, Credit for Qualified Retirement Savings Contributions](#). See [Publication 590, Individual Retirement Arrangements \(IRAs\)](#), for additional information.

FACT: Fewer than half of Americans have calculated how much they need to save for retirement. Are you one of them?

Check to see if you are on track by going to www.DelawareSaves.com and click on the "Calculators" tab.

Get educated!

Learn more about retirement preparation by attending a workshop or consultation



The Delaware State Treasury wants you to succeed in setting your retirement savings goals. Planning for retirement can be a challenge. In the midst of the many responsibilities we have at home and work, thinking about retirement preparation can easily fall toward the bottom of our list of priorities.

One simple way to begin your journey toward a successful retirement is to join us at one of our retirement savings workshops or by scheduling a one-on-one consultation with a retirement professional.

Attending a workshop will allow you to learn ways to boost your savings and learn about your retirement savings options. We also offer one-on-one consultations with a retirement consultant in all three counties.

To take advantage of this benefit, pre-registration is required for both the consultations and workshops. To reserve a spot at one of our upcoming events, please register online at www.fidelity.com/atwork/reservations. You can also call 1-800-642-7131 to register.

A complete list of upcoming events can be found on the "Introduction" tab of our website at www.DelawareSaves.com.

Thinking about retirement...

Employees who are retiring or separating from service can defer their accumulated sick and/or annual leave into the 457(b) and/or 403(b) Deferred Compensation Plans. Why should I consider deferring my sick and/or annual leave time?

- Your contributions are made pre-tax.
- Taxes are deferred until you begin to make withdrawals.
- Funds in your account can be used for the purchase of permissible service credits or for the repayment of previously withdrawn contributions and interest at retirement.
- You can access the money in your account within 2 weeks of retiring if you need it.

For more information, speak to your HR or Payroll Representative. You can also call the Delaware State Treasury at 302-672-6700 or visit www.DelawareSaves.com to have your questions answered.

IRS UPDATE:

DEFERRED COMPENSATION CONTRIBUTION LIMITS INCREASED FOR 2012

Annual deferral limits for participants in the 403(b) and 457(b) plans will increase from \$16,500 to \$17,000.

The catch-up limit for 403(b) and 457(b) participants age 50 and older will remain the same at \$5,500.

The special catch-up option for 457(b) participants will increase from \$16,500 to \$17,000. (Special rules apply and you must be within 3 years of normal retirement age to be eligible.)

Need help making difficult financial decisions?

Visit the Delaware State Treasury's new PROSPERITY PORTAL

The most effective retirement planning necessitates a lifetime of smart financial decisions. It's never too late or too early to equip yourself with the best financial information and resources available. A great place to start in this quest for knowledge is the Delaware State Treasury's Prosperity Portal. Incorporating a unique partnership between the Delaware State Treasury, United States Federal Government Financial Agencies and Delaware non-profits leading the way in financial education, the Prosperity Portal is a valuable resource for families and individuals as well as businesses. The Portal serves as a central hub providing links to countless articles, services and resources for Delawareans of all ages and financial situations. We hope you'll visit the Delaware State Treasury's website and click on the [Prosperity Portal](#) to launch your pathway to financial education. While at the website, please be sure to visit the [Earn-Save-Invest-PROSPER](#) page launched during National Save for Retirement Week. These new web resources represent even more ways that the Delaware State Treasury is working each day to help you plan for your retirement!

Earn. Save. Invest.

PROSPER